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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of
Policies and Rules Concerning
Unauthorized Changes of Consumers'
Long Distance Carriers

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CC Docket No. 94-129

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To: The Commission

REPLY COMMENTS OF
ONCOR COMMUNICATIONS, INC.

Operator Communications, Inc. dba Oncor Communications, Inc. ("Oncor"), by its attorneys, hereby submits these comments in reply to the comments received by the Commission in the above-captioned proceeding.

Oncor is the nation's largest alternative provider of operator services. As such, Oncor is keenly aware of the difficulties associated with the current presubscription environment, particularly for LEC-owned public pay telephones, and the problems of payphone "slamming" engendered by that environment. Oncor has reviewed the initial comments in this proceeding and is pleased to see the uniform desire of industry participants to reduce customer confusion and frustration with the presubscription process. As the variety of comments attest, industry participants compete using many

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different marketing techniques and strategies, and Oncor joins those who urge the Commission not to unduly restrict legitimate marketing activities with its new rules.

Several LECs have filed comments in this proceeding indicating that slamming is a widespread industry problem, and recommending specific changes to the LOA requirements.¹ They neglect, however, to identify significant reforms that they (and other LECs) have made to their processing of PIC change requests for LEC-owned public pay telephones. Oncor has actively campaigned for these changes and believes they will go a long way toward reducing payphone slamming, without potentially intrusive regulation of IXC marketing techniques. Indeed, the early experience with them is encouraging. The purpose of these reply comments is to bring these developments to the Commission's attention and to recommend that the FCC require all LECs to modify their procedures to implement these recent changes for the processing of public pay telephone orders.

¹ *See, e.g.*, Southwestern Bell Comments; Pacific Bell Comments; NYNEX Comments.

I. IN THE LEC PAY TELEPHONE MARKET, DIFFICULTIES IN IDENTIFYING AN AUTHORIZED CUSTOMER REPRESENTATIVE AND THE EASE OF ELECTRONIC SUBMISSION OF PIC CHANGE ORDERS HAVE CONTRIBUTED GREATLY TO THE PROBLEM OF SLAMMING

The owner of the premises on which a public pay telephone is installed has the right to select the primary interexchange carrier for that phone.² Identifying the "premise owner" often is not an easy task, however. The LECs generally do not disclose their contact persons for each pay telephone, leaving IXCs to their own resources to identify and solicit these persons. These efforts are prone to errors, as many persons either appear to have authority and/or believe themselves to have authority when, in fact, they do not. A common example is a franchised outlet of a national chain, where the manager of the local outlet believes he or she has authority over the pay telephone located on the premises. Often the IXC will solicit the manager, obtain his or her approval for a switch and submit what appears to be a valid order, only to discover sometime after the switch occurs that the franchise owner has claimed to have been slammed.

The problem is exacerbated by the potential for abuse created by LEC acceptance of public pay telephone PIC change orders in electronic format. Under this process, IXCs are permitted to submit via magnetic tape PIC change orders for LEC public pay phones, which are processed directly by the LEC's presubscription system.

² See *United States v. Western Electric Co.*, 698 F. Supp. 348, 360-64 (D.D.C. 1988).

These electronic submissions typically receive almost no review by the LEC, other than for routine matters such as whether the telephone line number is a working LEC pay telephone number. No customer contact is required or initiated by the LEC. As a result, one constant problem for Oncor is preventing LEC pay telephones for which it has obtained proper authorization from being PIC'ed electronically to another carrier without authorization.

II. ELECTRONIC SUBMISSION OF PAY TELEPHONE PIC CHANGES SHOULD BE ABOLISHED IN FAVOR OF A SYSTEM OF LEC VERIFICATION OF ORDERS

Southwestern Bell, NYNEX, and Pacific Bell each filed comments reporting unacceptably high levels of PIC disputes.³ Their comments are addressed to the equal access marketplace as a whole, however, and do not specifically discuss actions they have taken to reduce the problem in one sub-market -- the LEC-owned public pay telephone market. In this area, these (and other) LECs have implemented changes in their order processing procedures which reduce the opportunities for improper marketing behavior. Oncor has spent much of the last two years actively campaigning for these changes in the public pay telephone market. Oncor's efforts have focused on two goals:

- (1) ending LEC acceptance of electronic PIC change orders for pay telephones; and

³ See Southwestern Bell Comments at 1-2; NYNEX Comments at 2-3; Pacific Bell Comments at 1-2.

- (2) initiating procedures whereby the LECs will obtain direct authorization (either written or verbal) from the authorized premise owner before implementing a PIC change.

To date, most of the major LECs have implemented procedures to move away from electronic PIC change orders in the payphone market. A summary of the recent changes is provided below.

Bell Atlantic: New policies banning electronic PIC change orders went into effect between July and October of 1994 throughout the Bell Atlantic region. Bell Atlantic permits IXCs to initiate calls to one of its Service Centers with the premise owner on the line. The Bell Atlantic representative will then verify whether the customer on the line is the premise owner and whether he or she wishes to switch carriers.⁴ Written PIC change requests are confirmed through an outbound telephone call from a Bell Atlantic representative or, if necessary, a letter to the customer of record.

NYNEX: NYNEX stopped accepting electronic PIC change requests in July 1994. Three-way calls from the IXC are accepted and the customer's identity and choice of IXC are verified by a NYNEX representative. Written PIC change requests are confirmed with an outbound telephone call from NYNEX or, if necessary, a letter to the customer of record.

⁴ If there is any suspicion that the premise owner is an imposter, Bell Atlantic, like all of the LECs discussed in this section, will ask the customer to drop off the call and will initiate an outbound call to the customer at the number listed in the LEC's records.

Pacific Bell: Pacific Bell stopped accepting electronic PIC change requests in December 1993. Pacific Bell will accept orders initiated with a three-way call, but requires the IXC to drop off the line prior to verification by the Pacific Bell representative. Written requests are confirmed in a manner similar to that used by the other LECs described above.

Southwestern Bell: Beginning in July 1994, Southwestern Bell stopped accepting electronic PIC change orders. Three-way calls are permitted, but the IXC must drop off the line before the order is verified with the customer. Written requests are confirmed with an outbound call. No changes are processed until contact is made with the customer.

BellSouth: Since September 1994, BellSouth has verified all non-electronic PIC change orders through outbound calls from a BellSouth representative, and if necessary, a letter to the customer of record. Three-way calls between the customer, BellSouth, and the IXC are permitted. BellSouth continues to accept electronic PIC change requests, however.

Ameritech: Beginning in November 1994, Ameritech ceased accepting electronic PIC change requests and began accepting three-way calls for orders involving fewer than 5 phones. Orders for 5 or more phones must be submitted in writing.

GTE: Effective January 30 of this year, GTE stopped accepting electronic PIC change requests and adopted procedures similar to those employed by the LECs listed above. GTE will verify all payphone PIC change requests, either through a three-way

call with the customer and the IXC or through an outbound verification call to the customer.

US West: US West recently listed all of its public payphones as "frozen" to their existing IXCs. A "frozen" account cannot be switched via an electronic PIC change request, but can be changed either through a written LOA, a direct call from the customer, or an IXC-initiated three-way call. In the latter situation, the US West representative will verify both the premise owner's identity and his or her selection of a new carrier. All written LOAs also are verified by US West. By "freezing" all payphone accounts, US West, in effect, has banned electronic PIC change orders for these phones.

Despite minor variations from LEC to LEC, all of these procedures share one common characteristic. They all recognize that the LEC is in the best position to know who the authorized premise owner is for a LEC pay telephone and to verify that person's desire to change carriers. Therefore, all of the above procedures require direct contact between the LEC and the premise owner prior to implementing a PIC change for LEC-owned public pay telephones. Moreover, all of the major carriers other than BellSouth have ceased accepting electronic PIC change requests for public payphones. All of these LECs (including BellSouth) seek to minimize any inconvenience to the customer by permitting an IXC to initiate a call to the LEC so the customer may confirm the PIC change.

Oncor's experience with these procedures has been encouraging. With the added protection provided by the LEC's records, an IXC can be much more confident

that a person providing authorization has the proper authority to do so. The premise owner, too, is protected from confusing or misleading sales techniques by the LEC's independent confirmation of the choice. Also, the elimination of electronic PIC change orders removes one of the easiest opportunities for an unscrupulous IXC to slam public payphones.

Although Oncor is encouraged by the wide degree of cooperation it has received from most LECs, Oncor urges the Commission to mandate such procedures for all LECs. Specifically, the Commission should modify its PIC selection rules for LEC-owned public pay telephones to:

- 1) require all LECs to stop accepting electronic PIC change requests for public pay telephones.
- 2) require the LEC to obtain direct confirmation from the customer, preferably via an IXC-initiated conference call to the LEC, prior to effectuating any PIC change request for a public pay telephone; and
- 3) modify the LOA requirements to permit IXCs to rely on LEC verification in the event of a PIC change dispute.

The uniform implementation of these procedures by all LECs will reduce greatly the slamming problems of the public pay telephone market.

Respectfully submitted,

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